

Company Registration No. 08388465 (England and Wales)

**ALDER HEY HOLDCO 1 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**



# ALDER HEY HOLDCO 1 LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	C S Emery C Pillar F Bursey R Newton D R Bradbury
<b>Secretary</b>	Vercity Management Services Limited
<b>Company number</b>	08388465
<b>Registered office</b>	8 White Oak Square London Road Swanley Kent BR8 7AG
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Banker</b>	Sumitomo Mitsui Banking Corp Europe Limited 99 Queen Victoria London EC4V 4EH

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# **ALDER HEY HOLDCO 1 LIMITED**

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# ALDER HEY HOLDCO 1 LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2022

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The Directors present their annual report and audited financial statements for the year ended 31 March 2022.

#### Principal activities

Alder Hey HoldCo 1 Limited is the holding company of Alder Hey (Special Purpose Vehicle) Limited (the "SPV") and subsidiary of Alder Hey HoldCo 2 Limited. Its principal activity is to act as intermediate holding company and provide finance to its subsidiary for the performance of a PFI contract with Alder Hey Children's NHS Foundation Trust ("The Trust") to design, construct and operate the Alder Hey Children's Hospital, a 270 bed specialist paediatric centre hospital with multi-storey car park under a project agreement. There have not been any significant changes in the Company's principal activities in the year under review.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A S Pearson	(Resigned 14 April 2022)
A Sutton	(Resigned 5 July 2021)
C S Emery	
M Andrews	(Resigned 31 January 2023)
R Vose	(Appointed 6 July 2021 and resigned 14 December 2021)
C Pillar	(Appointed 14 December 2021)
F Bursey	(Appointed 2 February 2023)
R Newton	(Appointed 1 May 2022)
D R Bradbury	(Resigned 1 May 2022 and Reappointed 14 October 2022)

#### Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

#### Financial risk management objectives and policies

##### Liquidity Risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business. At the start of the PFI contract, the Company negotiated debt facilities with an external party to ensure that the Company has sufficient funds over the life of the PFI concession.

# **ALDER HEY HOLDCO 1 LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2022**

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#### **Going concern**

The Company borrowed £28.57m from its Parent Company and on-loaned this to the SPV (Company's subsidiary) under the same terms.

Post the balance sheet date the number of Service Failure Points (SFPs) in existence relating to the operation of the hospital by the SPV exceeded the threshold to trigger Events of Default under the terms of the main loan agreements held by the SPV and Alder Hey Holdco 2 Limited (the "loan agreements") with Lenders being European Investment Bank and Institutional Investor Lenders represented by Prudential Assurance Company Limited and Prudential Retirement Income Limited in the instance of the bank loans held by the SPV, and the Ultimate parent company shareholders (John Laing Investments Limited, Interserve Group Limited and Liang O'Rourke Plc) ("sub debt providers") and with Prudential Assurance Company Limited ("senior sub debt providers") in the instance of the sub debt held by the Company's immediate parent, Alder Hey Holdco 2 Limited. This means that the Lenders of the senior debt could recall the senior debt held by the SPV, and the lenders of the subordinated debt and senior subordinated debt could recall the subordinated debt and senior subordinated debt held by Alder Hey Holdco 2 Limited. Per the terms of the loan agreements between the Company, the SPV and Alder Hey Holdco 2 Limited this would in turn mean that the receivables and payables owing from and to the Company by the SPV and to Alder Hey Holdco 2 Limited respectively would become repayable on demand.

The impact of this on the balance sheet date as at 31 March 2022 is to classify the outstanding amounts under the terms of the loan agreements, being the SPV's payables to the Company, and the Company's payables to Alder Hey Holdco 2 Limited as current in Debtors and Creditors. However, it is noted that the terms of the relevant loan agreements mean that the Company's loan liabilities cannot be demanded by Alder Hey Holdco 2 Limited while the senior debt owed by the SPV to the senior debtholders is outstanding.

As a result of the high levels of SFPs experienced in the 12 month period to 31 July 2022, an improvement 'Implementation Plan' to address some recent performance issues from the main subcontractor has been created.

The Events of Default will be removed when the level of SFPs achieved over a 6-month rolling period are below the threshold stipulated in the loan agreements with no waiver required from the lenders.

#### **Auditor**

The auditor, BDO LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of disclosure to auditor**

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

#### **Small companies exemption**

The Directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

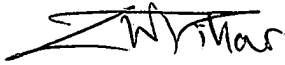
**ALDER HEY HOLDCO 1 LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2022***

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On behalf of the board



C Pillar  
Director

24 May 2023

# **ALDER HEY HOLDCO 1 LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2022***

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The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ALDER HEY HOLDCO 1 LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ALDER HEY HOLDCO 1 LIMITED

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#### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Alder Hey Holdco 1 Limited ("the Company") for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Material uncertainty related to going concern

We draw attention to note 1.2 to the financial statements which indicates that there are Events of Default incurred by the subsidiary of the Company. The implication of these Events of Default is that the loans payable by the Company to its parent company may be recalled, and that were this to happen the Company may be unable to repay its Parent Company if receivables from its subsidiary is not settled. As stated in note 1.2, these events and conditions, along with the other matters as set out in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# **ALDER HEY HOLDCO 1 LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ALDER HEY HOLDCO 1 LIMITED**

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#### **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# ALDER HEY HOLDCO 1 LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ALDER HEY HOLDCO 1 LIMITED

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### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Company and industry, we identified the principal risk of non-compliance with laws and regulations to be UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that might have a direct impact on the preparation of the financial statements such as Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and posting inappropriate journal entries to manipulate the fair value of the Company's assets.

Audit procedures performed by the engagement team included:

- We considered the processes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those processes and controls;
- We targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud;
- We made enquiries of Management, those charged with governance and those responsible for legal and compliance procedures as to whether there was any correspondence from regulators in so far as the correspondence related to financial statements; and
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Jack Draycott

(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

24 May 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# ALDER HEY HOLDCO 1 LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 31 MARCH 2022**

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	Notes	2022 £000	2021 £000
Interest receivable and similar income	6	3,390	3,506
Interest payable and similar expenses	7	(3,390)	(3,506)
		<hr/>	<hr/>
<b>Profit before taxation</b>		-	-
Tax on profit		-	-
		<hr/>	<hr/>
<b>Profit for the financial year</b>		-	-
		<hr/> <hr/>	<hr/> <hr/>

# ALDER HEY HOLDCO 1 LIMITED

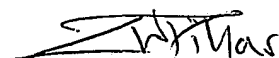
## BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £000	2021 £000
<b>Fixed assets</b>			
Investments	8	30	30
<b>Current assets</b>			
Debtors	9	34,067	31,800
<b>Creditors: amounts falling due within one year</b>	10	<u>(34,067)</u>	<u>(31,800)</u>
<b>Net current assets</b>		-	-
<b>Net assets</b>		<u>30</u>	<u>30</u>
<b>Capital and reserves</b>			
Called up share capital	12	30	30
<b>Total shareholders' funds</b>		<u>30</u>	<u>30</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 24 May 2023 and are signed on its behalf by:



C Pillar  
Director

Company Registration No. 08388465

# ALDER HEY HOLDCO 1 LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

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	Share capital £000
Balance at 1 April 2020	30
Year ended 31 March 2021:	
Profit and total comprehensive income for the year	-
Balance at 31 March 2021	30
Year ended 31 March 2022:	
Profit and total comprehensive income for the year	-
Balance at 31 March 2022	30

# ALDER HEY HOLDCO 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2022**

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### **1 Accounting policies**

#### **Company information**

Alder Hey Holdco 1 Limited is a private company limited by shares, domiciled and incorporated in the United Kingdom and registered in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements contain information about Alder Hey HoldCo 1 Limited as an individual company and do not contain consolidated financial information as the Parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the financial statements of its Parent, Alder Hey HoldCo 3 Limited. Accounts are available from its registered address disclosed in note 14.

In the consolidated financial statements of Alder Hey Holdco 3 Limited, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of Cash Flow Statement and related notes.

The Company is also considered to be a qualifying entity for the disclosure exemptions relating to the requirements of Section 11 paragraphs 11.39 to 11.48A as the equivalent disclosures required by this FRS are included in the consolidated financial statements of the Group in which the Company is consolidated.

The Company has taken the small company exemption from preparing a strategic report.

# ALDER HEY HOLDCO 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

The Company borrowed £28.57m from its Parent Company and on-loaned this to the SPV (Company's subsidiary) under the same terms.

Post the balance sheet date the number of Service Failure Points (SFPs) in existence relating to the operation of the hospital by the SPV exceeded the threshold to trigger Events of Default under the terms of the main loan agreements held by the SPV and Alder Hey Holdco 2 Limited (the "loan agreements") with Lenders being European Investment Bank and Institutional Investor Lenders represented by Prudential Assurance Company Limited and Prudential Retirement Income Limited in the instance of the bank loans held by the SPV, and the Ultimate parent company shareholders (John Laing Investments Limited, Interserve Group Limited and Liang O'Rourke Plc) ("sub debt providers") and with Prudential Assurance Company Limited ("senior sub debt providers") in the instance of the sub debt held by the Company's immediate parent, Alder Hey Holdco 2 Limited. This means that the Lenders of the senior debt could recall the senior debt held by the SPV, and the lenders of the subordinated debt and senior subordinated debt could recall the subordinated debt and senior subordinated debt held by Alder Hey Holdco 2 Limited. Per the terms of the loan agreements between the Company, the SPV and Alder Hey Holdco 2 Limited this would in turn mean that the receivables and payables owing from and to the Company by the SPV and to Alder Hey Holdco 2 Limited respectively would become repayable on demand.

The impact of this on the balance sheet date as at 31 March 2022 is to classify the outstanding amounts under the terms of the loan agreements, being the SPV's payables to the Company, and the Company's payables to Alder Hey Holdco 2 Limited as current in Debtors and Creditors. However, it is noted that the terms of the relevant loan agreements mean that the Company's loan liabilities cannot be demanded by Alder Hey Holdco 2 Limited while the senior debt owed by the SPV to the senior debtholders is outstanding.

As a result of the high levels of SFPs experienced in the 12 month period to 31 July 2022, an improvement 'Implementation Plan' to address some recent performance issues from the main subcontractor has been created.

The Events of Default will be removed when the level of SFPs achieved over a 6-month rolling period are below the threshold stipulated in the loan agreements with no waiver required from the lenders.

#### Termination Risk

The SPV entered into a contract with the Trust to design, build and operate Alder Hey Children's Hospital until 21 June 2045. The contract allows for the Trust to terminate the contract if the number of SFPs exceed certain thresholds, the thresholds for which were subsequently increased as part of the settlement agreement entered into on 26th April 2019. The Board has considered this risk and does not expect future SFP levels to reach the threshold at which the Trust would be able to terminate the project.

If the Trust were to terminate the contract, then the Trust would be required to compensate the SPV in accordance with the contract by making a payment which includes the sum of the outstanding bank loans under the loan agreements and the open market value of subordinated debt.

# ALDER HEY HOLDCO 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### Implication of Events of Default

The implication of the Events of Default is that the lenders have a number of rights/remedies available to them which include requiring that the amounts owing under the loan agreements are immediately repaid in full. If the loan agreements are required to be repaid in full, then this creates a risk that the SPV has insufficient funds to repay the subordinated debt due to the Company and therefore a risk that the Company is unable to repay the subordinated debt due to its parent company. The SPV Directors have discussed this issue with the lenders on an ongoing basis and have received no indication to date that the Lenders currently intend to exercise their rights following the Events of Default to require repayment of the outstanding borrowings by Alder Hey HoldCo 2 Limited and the SPV immediately.

The Company's going concern is dependent on its ability to repay debt owed to Alder Hey HoldCo 2 Limited. Taking into consideration reasonable possible changes to the SPV's operations (and in the event that the lenders do not accelerate the repayments of principal due to the Event of Default), the SPV has adequate resources to continue in operational existence for the foreseeable future and to continue to be able to discharge its obligations to the Company, in turn allowing the Company to discharge its obligations to Alder Hey HoldCo 2 Limited.

The Directors have therefore concluded that until the Events of Default has been waived or deemed remedied by the Lenders the ability of the lenders to accelerate repayments of the loan principal amounts, which if requested the Company will be unable to repay if the receivables from the SPV are not settled, represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and that therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would be necessary should the going concern basis of preparation no longer be appropriate.

The Directors have also considered the potential impact to the business from the ongoing effects of the pandemic (Covid-19) and have put in place plans to mitigate the potential risks to business continuity. The unitary charge income received from the Trust is highly predictable and the Directors do not believe that there is any material risk to income or cashflows. The Directors have also looked at the effect of possible downside scenarios with reduced level of income and cashflows and are satisfied that no default on lending covenants would arise. On this basis, the Directors anticipate that the Company will continue to be able to meet its business obligations as they fall due over the coming twelve months.

After considering these matters and in light of the current forecasts for the Company, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.



# ALDER HEY HOLDCO 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

##### 1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### 1.4 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors, cash and bank balances and other financial assets, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Loans and receivables**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

# ALDER HEY HOLDCO 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Other financial liabilities***

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

#### 1.5 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

#### 1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# ALDER HEY HOLDCO 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Directors consider there to be no critical judgements and no key sources of estimation uncertainty.

### 3 Auditor's remuneration

	2022	2021
	£000	£000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company and the company's parent company	1	1
	<u>1</u>	<u>1</u>

### 4 Employees

The Company had no employees during the current or prior year.

### 5 Directors' remuneration

No Directors received any remuneration for services to the Company during the current or prior year. The Company is managed by secondees from the shareholders under a shareholder agreement.

# ALDER HEY HOLDCO 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 6 Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable and similar income includes the following:		
Interest receivable from group companies	3,390	3,506

### 7 Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable and similar expenses includes the following:		
Interest payable to group undertakings	3,390	3,506

### 8 Fixed asset investments

	2022 £000	2021 £000
Shares in group undertakings and participating interests	30	30

The Company holds a 100% investment in Alder Hey (Special Purpose Vehicle) Limited, a company incorporated in England and Wales, with a registered address of 8 White Oak Square, London Road, Swanley, BR8 7AG. The investment held represents 30,000 ordinary shares of £1 each.

### 9 Debtors

	2022 £000	2021 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	34,067	31,800

### 10 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Amounts owed to group undertakings	34,067	31,800

### 11 Loans and overdrafts

	2022 £000	2021 £000
Loans from parent undertakings	31,800	32,800
Payable within one year	31,800	32,800

# ALDER HEY HOLDCO 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 11 Loans and overdrafts

(Continued)

The loan consists of the following:

- Subordinated Secured Facility with Alder Hey HoldCo 2 Limited of £12.1 million repayable in quarterly instalments from September 2015 to September 2043, with a fixed rate of interest of 7.81%. The facility was fully drawn down at financial close and on-loaned to the Company's subsidiary undertaking, Alder Hey SPV Limited.

- Subordinated Debt with Alder Hey HoldCo 2 Limited of £16.47 million repayable in September 2043, with a fixed rate of interest of 11.74%. As at 31 March £16.47 million had been drawn down. Amounts due to parent undertaking comprises of loans of £16.47 million (2020: £16.47 million), capitalised subordinated interest of £7.45 million (2020: £4.87 million) and interest payable of £2.58 million (2020: £1.27million).

### 12 Called up share capital and reserves

	2022	2021	2022	2021
	Number	Number	£000	£000
Ordinary share capital				
Issued and fully paid				
Ordinary Shares of £1 each	30,000	30,000	30	30

### 13 Related party transactions

As a wholly owned subsidiary of Alder Hey Holdco 2 Limited, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the Alder Hey Holdco 2 Limited group. A copy of the published financial statements of Alder Hey Holdco 2 Limited can be obtained from Companies House.

### 14 Ultimate controlling party

The Company's immediate parent company is Alder Hey HoldCo 2 Limited, a Company incorporated in Great Britain, with a registered address of 8 White Oak Square, London Road, Swanley, BR8 7AG.

The smallest and largest group in which its results are consolidated and the Company's ultimate parent and controlling entity is Alder Hey HoldCo 3 Limited, a company incorporated in Great Britain, with a registered address of 8 White Oak Square, London Road, Swanley, BR8 7AG. Copies of the consolidated accounts of Alder Hey HoldCo 3 Limited can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.